0810 - Arkansas Department of Employment Security

Interim Progress Report for the reporting period July 1, 2003 - December 31, 2003

Section I. Agency Update and Assessment

1. Emerging Issues at the Federal (National) or State level affecting the agency.

The United States Department of Labor released its program budget allocations for Federal Fiscal Year 2004 in August of 2003. Under these funding allocations, Arkansas Employment Security Department will receive \$1,051,772 less in FY 2004 than provided in FY 2003 for Unemployment Insurance Administration. This reduction in Federal funding will require a careful review of staffing levels and services in all areas of Unemployment Insurance administration. The slower than expected economic recovery will continue to be reflected in higher rates of unemployment for both Arkansas and the nation. With more unemployed workers and the tight overall job market, the duration of Unemployment Insurance Benefits will be higher levels than originally projected.

2. Status of any new initiatives funded from General Revenue or General Improvement funds in the 2003 Legislative Sessions and other changes made through General Legislation.

NA

3. Discuss significant factors internal and external to the agency affecting agency performance.

Act 353 of 2003 increased the taxable wage base from \$9,000 to \$9,500 effective January 1, 2003; and from \$9,500 to \$10,000 effective January 1, 2004. The same legistation also 'froze' the maximum weekly benefit amount of \$345 for the period of July 1, 2003 through June 30, 2005. As stated in item #1, the budgetary restrictions will require careful management and could possibly affect overall agency performance in all program areas.

- 4. Provide comments on the usefulness and reliability of performance measures.
 - Performance Measures are useful and reliable tools for program assessment, but should not be the only tools. Over time, the significance of performance measures will decrease or increase and new measures will be created that more accurately reflect the status of any given program. Each program will still require an overall assessment that takes into account all aspects of the program and does not rely on performance measures. Each performance measure will need to be reviewed and assessed on a regular basis to ensure that it is still valid for the program.
- 5. Discuss significant uses of line item flexibility in this report period (agencies operating under Performance-Based Appropriations only).

Due to the high unemployment rate and resulting workload experienced by staff, the agency has incurred higher than anticipated overtime cost.

Program 1: Administrative and Support

Goal 1: Provide administrative direction and support for the agency

Objective 1: Provide administrative direction and support to ensure that department programs meet their objectives and performance targets

Measur <u>Numbe</u>	•	Annual Target	Actual YTD	Comments
1	Percent of Agency Performance Measures met.	90%	88%	
2	Number of prior year audit findings reported in subsequent audit	none	none	
3	Percent of agency staff and budget in the Administration Program compared to total agency positions and budget.	20%	14% Staff/ 4.28% Expenditures	

Program 1: Administrative and Support

Goal 1: Provide administrative direction and support for the agency

Objective 2: To effectively utilize information technology resources to support the mission of the Employment Security Department

Measur Numbe		Annual Target	Actual YTD	<u>Comments</u>
1	Percent of information technology budget compared to total agency budget	5%	2.00%	DIS overbase of 1.8 million from prior year was paid in current year.
2	Number of proprietary informational systems maintained by agency staff or maintained through contractual services.	10	15	

Program 1: Administrative and Support

Goal 1: Provide administrative direction and support for the agency

Objective 3: To provide for general operations support and overhead cost not otherwise included in the ADMINISTRATION PROGRAM or treated as a direct cost in other programs

Measu <u>Numb</u>	• •	Annual Target	Actual YTD	Comments
1	Record and allocate general support and overhead costs to federal programs	90%	100%	

Goal 1: Provide employers with qualified applicants

Objective 1: To bring employers and qualified job seekers together through a network of field offices throughout the state

Measur <u>Numbe</u>	•	Annual Target	Actual YTD	<u>Comments</u>
1	Arkansas unemployment rate as compared to U.S. unemployment rate.	4.8%/5.4%	5.5%/5.7%	December 2003, seasonally adjusted; annual average will be computed by early February.

Goal 2: Help the employed and unemployed find work or training

Objective 1: To administer the federal Workforce Incentive Credit and Welfare-to-Work Tax Credit programs encouraging the hiring of individuals from nine targeted groups

Measur <u>Numbe</u>		Annual Target	Actual YTD	<u>Comments</u>
1	Help the employed and unemployed find work or training	.4% increase each year	-13.90%	7/1/02-12/31/02 = 14,718 7/1/03-12/31/03 = 12,668
2	Number of workforce incentive credit certificates issued for targeted	.4% increase each year	18.6% increase	7/1/02-12/31/02 = 3,019 071/03-12/31/03 = 3,582

Comments on performance matters related to Objective 1:

Definition of entered employment changed last year; number shown for 7/1/03-12/31/03 is figured based on old definition for purposes of comparison with previous year (old definition:count of individuals hired following referral to employer by Employment Service plus count of individuals who obtained employment on their own effort after a specific employment service activity; new definition: number of registered job seekers who, in first or second quarter following registration, earned wages from new employer if job seeker was previously not employed, or earned wages from different employer than quarter prior to registration, if previously employed). Under new definition, entered employment count from 1-01-03 to 12-31-03 was 69,217.

Goal 2: Help the employed and unemployed find work or training

Objective 2: To assist veterans in locating job training and employment

Measur <u>Numbe</u>		Annual Target	Actual YTD	<u>Comments</u>
1	Percentage of veterans receiving case management services finding employment.	29%	61%	1/1/03-12/31/03; current system unable to report 7/1/03-12/31/03.

Goal 3: Administer the Unemployment Insurance Program including the payment of unemployment insurance benefits and the collection of unemployment insurance premiums, and administration of the Unemployment Insurance Trust Fund.

Objective 1: Pay unemployment insurance benefits to eligible claimants

Measui <u>Numbe</u>	• •	Annual Target	Actual YTD	Comments
1	Average duration rate of unemployment compensation benefits.	12.0 Weeks	14.0 Weeks	
2	Payment of first unemployment insurance benifit check within 14 days.	90%	92.20%	

Comments on performance matters related to Objective 1:

Economic improvement has been slower than expected and the numbers of persons on Unemployment Insurance have continued at a higher rate and for a longer period than hoped. As improvement continues, the duration for UI benefits is expected to decrease.

Goal 3: Administer the Unemployment Insurance Program including the payment of unemployment insurance benefits and the collection of unemployment insurance premiums, and administration of the Unemployment Insurance Trust Fund.

Objective 2: Collect unemployment insurance taxes

Measur <u>Numbe</u>	•	Annual Target	Actual YTD	<u>Comments</u>
1	Transfer of taxes from local banks to the UI Trust Fund in the U.S. Treasury within 1.75 days	98%	.601 days	Average time before transfer to UI Trust Fund.

Comments on performance matters related to Objective 2:

Measurement of transfers as a percentage completed with a certain time frame is no longer calculated. What is reported here is the average number of days for transfer as of the period ended 12/31/03.

Goal 3: Administer the Unemployment Insurance Program including the payment of unemployment insurance benefits and the collection of unemployment insurance premiums, and administration of the Unemployment Insurance Trust Fund.

Objective 3: To distribute federal funds to displaced workers pursuant to the Trade Adjustment Assistance and North American Free Trade Acts

Measur <u>Numbe</u>		Annual Target	Actual YTD	Comments
1	Number of persons receiving trade displacement assistance	1,300	792	

Comments on performance matters related to Objective 3:

Based on current data for Arkansas employers certified for Trade Assistance, it is expected that the number of participants will increase betweeen 01/01/2004 and 01/01/2006.

Goal 4: Produce and communicate accurate labor market information

Objective 1: To maintain labor market information and labor statistics as needed to support state and local workforce services

Measur <u>Numbe</u>		Annual Target	Actual YTD	Comments
1	Percent of labor market information reports completed in accordance with grant requirements for accuracy and timeliness	3.5% or less annual revision	Range on 5 measures from .1% to 1.3%	Measures relate to Current Employment Statistics Program Year ending 3/31/03; rates received 1/21/04

Program 3: Local Workforce Development Board Services

Goal 1: Provide training and employment assistance for the citizens of Arkansas at the state and local level

Objective 1: To provide Workforce Investment Act employment and training to assist lower income persons to make the transition from dependence on welfare assistance to becoming economically self-sufficient through Local Workforce Investment Boards

Measur <u>Numbe</u>		Annual Target	Actual YTD	<u>Comments</u>
1	Compare combined WIA Entered Employment Rate, first quarter after exit (percent), for adults, dislocated workers and older youth	87%	79%	
2	Produce a combined unduplicated count of WIA participants (adult, dislocated workers, older youth, younger youth) received through local investment boards	10,400	7,101	Total participants during time frame including carryovers from the previous Program Year
3	Compare combined count of participants (adult, dislocated workers) who received WIA training services	3200	2,524	Total participants receiving training services during time frame including carryovers from the previous Program Year
4	Compare combined average number of weeks participated ina training service(adult, dislocated workers)	57	88	
5	Conduct annual fiscal and program monitoring and audit resolution on ten LWIAs and three statewide programs.	95%	Fiscal 0% - Program 100%	Expect 100% by 6/30/04; 1 fiscal monitor serving in Iraq until March; just hired 2nd; have advertised for 3rd; audits due 3/31/04; expect resolution by
6	Calculate average unsubsidezed hourly rate of pay for participants first unsubsidized employment activity screen.	5.20	NA	Welfare-toWork program ended 6/30/03
7	Compare average hourly wage to placement(exit)	2.40	NA	Welfare-to-Work program ended 6/30/03
8	Obtain an unduplicated count of WtW participants receiving Welfare to Work assistance through local investment boards	2250	NA	Welfare-to-Work program ended 6/30/03

Comments on performance matters related to Objective 1:

The responses to Numbers 1 through 5 are based on data from the Workforce Investment Act Title I-B Program. Since the goals are annual goals, we appear to be on track to meet most or all of them by the end of the year. The measures in Numbers 6 through 8 relate to the Welfare to Work Program, which ended June 30, 2003.

Program 4: New Hire Registry

Goal 1: Provide current source of data on all new hires

Objective 1: Produce and administer New Hire Registry

Measur <u>Numbe</u>		Annual Target	Actual YTD	<u>Comments</u>
1	Enter data in New Hire Registry within five business days of receipt.	95%	99%	This data is entered within 2 days.
2	Provide Arkansas data to National Directory within three business days	95%	100%	This data is transmitted every day unless a technical problem arises.